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JRBAN/MUNICIPAL

Providing a solid
evaluation framework
for non-union positions

From Council Agenda
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APPENDIX "A" AS REFERRED TO IN
SECTION 1 OF THE NINTH REPORT
OF THE EXECUTIVE COMMITTEE

Stevenson Kellogg Ernst & Whinney
Management Consultants

Project Report

**PROVIDING A SOLID EVALUATION
FRAMEWORK FOR NON-UNION
POSITIONS**

URBAN MUNICIPAL

APR 28 1987

GOVERNMENT DOCUMENTS

Prepared for

**Hamilton Entertainment and
Convention Facilities Inc.
(HECFI)
Hamilton, Ontario**

Prepared by

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I

INTRODUCTION

This report summarizes our work and findings from a review of the compensation levels for all exempt positions at the new Hamilton Entertainment and Convention Facilities Inc. (HECFI).

In May 1986 you asked our predecessor firm, Thorne Stevenson & Kellogg, to submit a proposal which focused on a job evaluation and pay review program for all five divisions of HECFI. You were influenced to do this by the sound management principle that there should be pay equity between each of the five divisions. It was noted that HECFI brought together newly created units (eg: Marketing) and former operating units of the City Corporation (Convention Centre, CUP, etc).

In addition you instructed that our "salary survey compare positions with those in the related private and public sectors, the facility management industry and the local community."

We present this report in the confident belief that it will meet your objectives in a realistic, practical, and cost effective fashion.

* * * * *

Throughout our work with HECFI we encountered nothing less than whole-hearted cooperation and courtesy from all staff members. Through you, we thank them for their cooperation and assistance.

II

PROJECT CONSIDERATIONS

The purpose of this study was to examine your compensation plan for non-union positions, compare salaries to current market levels, and to recommend worthwhile improvements. You want to have pay levels that are realistic to enable you to hire and retain capable people for what is a truly unique Canadian amalgam of entertainment and convention facilities. You recognize the importance of creating orderly pay levels that respect the marketplace, economic reality, and the special relationship that exists between HECFI and the City of Hamilton. You want pay administration practices that are complete, can be applied on an objective basis, and will be seen to be fair.

The development of this report had, as its foundation, the following additional considerations:

- ▶ Most of the positions were subject to a 1984-85 pay study in the City that has not yet been implemented.
- ▶ The governance of HECFI and the close day-to-day relationships between HECFI managers and their City counterparts suggest that there is less than an "arms length" relationship between HECFI and the City.
- ▶ In a world where "perception is reality" you would not be well served if our recommended pay grid for HECFI differed dramatically from its City counterpart.
- ▶ HECFI is substantially a non-union operation.
- ▶ At upper-middle and senior management levels in HECFI it is appropriate that your pay levels be distinguished from those prevailing for higher level positions in the City; for this reason **we recommend** you abandon the traditional five step incremental pattern and adopt flexible salary ranges in which advancement through the range will be by individual performance exclusively.

HECFI is, undeniably, a unique organization. There is no employer in Canada directly comparable to it. It is semi-autonomous in its relationship to the City. Our recommendations have been developed on the basis of this fact.

III

HIGHLIGHTS AND SUMMARY OF RECOMMENDATIONS

A. HIGHLIGHTS

We conducted a compensation study to develop revised pay systems and structures for all non-union HECFI employees. We learned about staff jobs by issuing questionnaires and through personal interviews. We then evaluated the positions. We conducted a market salary survey using 23 of your positions as benchmarks. With this information we developed a new salary structure for 1986. We also developed policies and procedures necessary to maintain the new pay plan.

B. SUMMARY

Our main recommendations are:

1. Installation of new pay plan to be effective January 1, 1987. The first economic adjustment to the plan should be considered for January 1, 1988.
2. Salary schedule to be reviewed annually effective January 1.
3. 26 pay grades with a minimum at PG1 of \$12,500 p.a. and a maximum at PG26 of \$85,000 p.a.
4. Pay grades 1-18 to be administered using an incremental system based on the anniversary date of employment subject to performance appraisals. The increments shall be recommended annually by management subject to Board approval.
5. Pay grades 19-26 to be administered by a flexible performance based non-incremental system. All performance appraisals to be conducted in May or June annually and any resultant merit increases to be effective July 1. The first merit increases will be made effective July 1, 1988 subject to approval by the Board of Directors.
6. Pay grades 1-18 to be adopted to mesh into prevailing market conditions, and the other grades in the proposed HECFI plan.
7. Adoption of standard "red circle" policies for all employees now paid more than the recommended range maximum. This means the salary is frozen for both economic adjustments and merit increases until the range maximum achieves the level of the incumbent's pay.

8. Slotting of employees in pay grades 1-18 to be conducted by the Managing Director/CEO and his management team. The resulting program of adjustments should be subject to approval by the Board of Directors.

9. Slotting of employees in pay grades 19-25 to be conducted by the Managing Director/CEO and subject to approval of the Board of Directors.

10. Each year the Chairman of the Board of Directors and the Chairpersons of the HECFI Committees should conduct a performance appraisal of the CEO, adjusting the incumbent's salary within pay grade 26. This should be done in consideration of the need for flexibility, confidentiality and the reality of pay negotiations that effect jobs of this type in the market.

11. Administration of the pay plan by HECFI using the resource of the Region/City Human Resources Centre.

12. A fair and prompt appeal procedure.

13. Pay policies and practices respecting:

- new hires
- promotions, transfers, and demotions
- progression through the ranges.

14. Performance appraisal prior to the end of probationary period.

15. Overtime pay policies, employee benefits, automobiles and the gratuities policy should be referred to the HECFI Audit and Finance Committee for review.

IV

OUR APPROACH TO ESTABLISHING FAIR COMPENSATION

Our approach to achieving these results for HECFI involved a number of important steps discussed briefly below.

A. WE EXPLAINED THE STUDY

We met with your Chief Executive Officer and his management team of five directors. We ensured we had a mutual understanding of the study, involvement of staff, and timing expectations.

We then met with most of the employees at a group briefing session. The purpose of this meeting was to explain the study to staff, listen to concerns and answer questions.

We explained to staff the purpose of the study and the methods that we employ. We stressed the importance of accurately completing the Job Fact Sheets for their positions. A sample Job Fact Sheet is contained in Appendix A of this report.

B. WE LEARNED ABOUT YOUR JOBS

We collected and reviewed the Job Fact Sheets completed by your staff members.

In addition, to ensure that we obtained a clear, precise and understandable knowledge base for each position, the consultants interviewed all regular full-time HECFI staff members.

During our interviews we discussed each employee's duties, gathered additional job details, clarified facts and listened to any concerns expressed. With division heads we discussed matters of overall function and organization of each unit to gain a clear understanding of how each job relates.

At the request of the CEO we interviewed several temporary or part-time employees whose positions are being considered for regular full-time status (eg: Banquet Secretary, Head Porter). We also studied job fact sheets for other newly created regular full-time positions. These jobs had only recently been created and approved (McNab Arms positions). Our recommendations respecting these new or potential positions are contained in a separate letter.

C. WE RANKED YOUR POSITIONS ACCORDING TO JOB WORTH

After all fact gathering was completed we employed the Aiken plan job evaluation manual to establish the relative worth of all the jobs. This is a long established evaluation technique.

This job evaluation scheme measures nine factors common to all jobs in varying degrees. Job evaluation and the resulting ranking of jobs ensures internal equity of pay levels within the organization. It stresses the relative worth of duties assigned to each job. At no time during the evaluation process did we consider anything but the value of the job — personality, efficiency or performance of the incumbents were not considered.

The job evaluation results were placed in five preliminary job ladders and reviewed by each of the Division Directors. In addition all five job ladders were reviewed by the CEO. If during these reviews any potential mis-evaluations were identified by HECFI management the job fact sheets and interview notes were restudied to ensure correct ratings.

D. WE SURVEYED SALARIES IN THE JOB MARKET

Internal pay equity as achieved by job evaluation is only one ingredient of an effective pay plan for any organization.

As your instructions to us reveal, you want to be sure that the pay rates prevailing at HECFI are compatible with those found in other reasonably comparable public and private sector, and community organizations as well as being in tune with the City's proposed new scales.

Therefore we examined external pay data from a number of sources. We examined pay data from employers in the Hamilton economic region and from our own Canada-wide engineering/technical and administrative survey for 1986. We also examined pay data on file from many private sector organizations. Among the prominent medium size Hamilton area and Canadian businesses represented in these data are:

Canada Packers
Hoover
Canada Cement
Sangamo
Royal Bank
Genstar
Bonar Packaging
Hamilton Auto Club

National Steel Car
Dover Industries
MacMillan Bloedel
Canada Wire & Cable
Sears Canada
Laidlaw Waste Systems
Canadian General Life Insurance
Union Gas

Specifically on your behalf we conducted a detailed job matching survey amongst a number of external organizations to which we believe HECFI can relate, particularly at its senior and middle management levels. These are employers with whom HECFI competes when hiring staff in the market place.

Amongst the survey participants who manage facilities in the convention and hospitality industry were:

Metro Toronto Convention Centre
Canada's Capital Congress Centre
Stratford Festival Theatre
Calgary Centre for the Performing Arts
Calgary Stampede
Exhibition Place/CNE

Calgary Convention Centre
Winnipeg Convention Centre
Harbourfront Corporation
Pacific National Exhibition
Edmonton Northlands

In the Hamilton area we also contacted directly the following organizations:

McMaster University
City of Hamilton
Canadian Cannery Ltd.
Hamilton Civic Hospitals

Sheraton Hotel
Region of Hamilton Wentworth
The Spectator

We checked the rates governing unionized employees in HECFI and the City so as to be aware of potential compression problems.

Four of the facilities surveyed (Calgary, Metro and Winnipeg Convention Centres plus Roy Thompson Hall), for reasons presumably of competitiveness and confidentiality, declined to supply complete salary data.

Our survey data collection form is included in this report as Appendix B.

Exhibit IV-1 summarizes some of the most significant market pay information developed from our survey and from research material available in our data bank.

E. WE PREPARED A PAY PLAN AND DRAFT REPORT

On the basis of our job rankings and the pay survey data we developed a 1987 salary grid for your consideration.

We recommend that salary grid be adopted and installed effective January 1, 1987.

EXHIBIT IV-1
HECFI Market Pay Data Summary (\$000/yr.)

Position Title	Market Average to closest \$100	Job Rate Range Observations	
		Lowest	Highest
C.E.O.	84.7	70.0	101.7
Director, Hamilton Place	63.6	36.6	75.0
Director, H.C.C.	62.0	39.0	90.0
Director, Copps	62.5	48.6	68.6
Director, Marketing	57.3	45.0	96.0
Director, F & A	56.9	45.7	64.6
Chief Operating Engineer	45.6	38.1	52.9
Events Manager	39.1	35.0	43.9
Security Supervisor	37.0	25.0	56.9
Accounting Supervisor	32.0	27.0	36.9
Sr. Accounting Clerk	26.0	21.7	29.9
Admin. Asst./Sr. Secretary	25.9	21.2	29.1
Executive Chef	*	24.0	65.0
Second Cook	*	16.2	34.8
Ad/PR/Promo Manager	38.5	30.0	43.9
Sales Executive	*	29.0	32.0
Jr. Accounting Clerk	16.7	15.1	20.1
Receptionist	17.0	14.6	19.2

* Data considered unreliable and distorted by gratuity practices and/or incentive schemes.

EVALUATING YOUR JOBS

A. OUR EVALUATION METHOD

The SKE&W job evaluation method, which is being utilized by the Canadian Human Rights Commission for "Equal Pay for Work of Equal Value" purposes, compares the relative worth of different jobs. According to a series of nine defined factors in the SKE&W job evaluation manual we measure the relative point value of the job content or duties assigned to each position.

A copy of the SKE&W job evaluation manual will be supplied to your CEO for on-going administration of the plan.

Our method uses the following nine factors:

- ▶ Complexity-judgement.
- ▶ Education.
- ▶ Work experience.
- ▶ Initiative.
- ▶ Results of errors.
- ▶ Contacts.
- ▶ Supervision -- character and scope.
- ▶ Physical demands.
- ▶ Working conditions.

Based on the completed job fact sheets and personal interviews with the incumbents, these factors were interpreted and applied by your consultants to the 67 existing and nine potentially new positions you also asked us to evaluate.

Each factor has a series of defined values and points associated with each level. Factor by factor evaluation of a job's components assigns levels to each job, from which points can be awarded and totalled to produce a numerical ranking of all jobs, from highest to lowest. We evaluate only job content with this method, not efficiency, qualifications or personalities of incumbents.

The base data for these evaluations were the job fact sheets and the interview notes. The job fact sheets were completed by the incumbents, some of whom also supplied job descriptions at the interview stage. Each job fact sheet was reviewed by the incumbent's supervisor. After appropriate discussion with the incumbent, each was signed for acceptance by both the incumbent and the supervisor. Additionally all job fact sheets were reviewed and approved by your CEO.

B. THE JOB LADDER CHART

After evaluating all jobs and totalling the points for each, the jobs were divided into a number of groups and placed on what is called a ladder chart. Positions of approximately the same overall job worth (points) were placed on the same rung of the ladder.

Employing standard and proven job classification techniques as to the appropriate points spreads between each job level (i.e. rung of the ladder), we recommend that a 26 pay grade system be adopted by HECFI.

Grouping jobs into different levels or rungs recognizes significant differences between levels and job worth. Every job is unique in some respects but not every job is so different in overall worth as to require a level of its own. Jobs may be entirely different in nature and scope but still be of equivalent value. (Example: First Cook and Maintenance Supervisor at pay grade 9; Chief Electrician and Sales Manager at pay grade 15).

We believe our recommended ranking provides internal fairness as to the relative merits or job worth of all positions in HECFI as they have evolved since HECFI's founding. We believe they are appropriate to your particular circumstances as well as reasonably reflecting many staff relationships found in comparable organizations. Exhibit V-1 shows our recommended ranking of your existing jobs in ladder chart format.

Exhibit V-1 shows the evaluation point range and point band width for each of the positions. Please note that the point band width expands in incremental stages from 15 points to 35 points as the ladder lengthens. All pay grades from 4-18 inclusive are encumbered. However, in pay grades 19-26, which capture the top and upper-middle level management jobs, the point value differentials were sufficient to justify eight pay grades even though only five of those pay grades are encumbered.

Only existing positions are shown in the ladder chart.

EXHIBIT V-1**HECFI: January 1987 Pay grades and ladder chart**

Grade Level	Evaluation Point Range	Point Band Width	Position Title	Names
26	580-614	35	Chief Executive Officer/ Managing Director	(Conacher)
25	550-579	30		
24	520-549	30	Director - Hamilton Convention Centre Director - Hamilton Place Director - Copps	(Penfold) (Burrows) (Crane)
23	490-519	30		
22	460-489	30	Director - Marketing Director, Finance and Administration	(Bogden) (Leuser)
21	430-459	30		
20	400-429	30	Operations Manager - Hamilton Convention Centre	(Dockman)
19	375-399	25	Comptroller Plant and Buildings Manager Assistant Director - Hamilton Place	(DiFilippo) (Calder) (Ellison)

HECFI: January 1987 Pay grades and ladder chart (Cont'd.)

HECFI: JANUARY 1987 PAY GRADES AND LADDER CHART

POINT BAND	NAME	MARKETING	ADMINISTRATION	TITLE	M.P.T.	COPIES
LEVEL RANGE WIDTH	NAME	MARKETING	ADMINISTRATION	TITLE	M.P.T.	COPIES
18 250-374 25	ALAN GIMM			ELEC CHIEF		00000
17 325-349 25	BRUCE MCCRAHY			BARBLET MGR		
17	BOB DESMOYERS					
16 300-324 25	MARY WEBB	ADVERT/PROMO/PR MGR				
16	JOHN ELDER					
16	JIM ELDER					
15 280-299 20	BILL DOUGLAS					
15	JERRY VANMEYVAL					
15	MAT DAVIDSON					
15	JOEL WINES	SALES MGR				
15	DAVE KELLY					
15	LED CONSTANTINIDES					
14 260-279 20	PETER KOPACH					
14	ROBIN LAKING					
14	COLLEEN SPENCER					
14	BILL FLETCHER					
14	MARK BARTHIAK					
14	LISA ROBINSON					
13 240-259 20	FRITZ ZWALLER					
12 220-239 20	JOE TSAO	SALES ELEC				
12	PAT BENNETT					
12	ARLENE HOLMAN					
11 200-219 20	JOAN HILLS					
11	JEAN FARRIS					
11	LENEE STEWART					
11	GAIL MCCAFFREY	AD. ASST. / SECTY				
11	ROD FOTHERINGHAM					
11	PATSY MORGAN	SALES ELEC				
11	BETTY GOMARD					
11	MARGARET LON					
11	SAM HAINING					
11	SAL FARRAUTO	SALES ELEC				
11	DELORES RAYCRAFT					
11	BRYAN CRIPPS	AD/PROMO/PR CO-ORD				
11	ALLISON HALL	AD/PROMO/PR CO-ORD				
11	LISA SERRICK					
10 180-199 20	ANN MYING					
10	ARLENE COUCHMAN					
10	ARLENE MURPHY					

EXHIBIT V-1

HECFI: January 1987 Pay grades and ladder chart (Cont'd.)

HECFI: JANUARY 1987 PAY GRADES AND LADDER CHART

POINT BAND LEVEL RANGE WIDTH	NAME	MARKETING *****	ADMINISTRATION *****	TITLE H.C.C. *****	H.P.T. *****	COPPS *****
9 160-179 20	CHRIS PEARSON					
9	MARILYN BOWBY					
9	JIMMY VELLITIS					
9	SAM MACALUSO					
8 140-159 20	KAREN STANTON					
8	DIANA MUSCA					
8	MARY MONMATH					
7 120-139 20	KAREN BOWMAN					
7	VACANT					
7	CHERYL BOSTE					
7	JEAN CLAUDE SAVOIE					
6 105-119 15	GLORIA NIELSEN					
6	ANN MORAWAC					
6	ISABEL MCCAIN					
6	JOSIE BRATIER					
5 90-104 15	LINDA PARLEE					
5	LYNN TRUCKI					
5	DOLLY SIMONS					
4 75-89 15	MARY MURRAY					
3 60-74 15						
2 45-59 15						
1 UP TO 44						

VI

DETERMINING YOUR SALARIES

In developing the salary recommendations, we were mindful to create the same degree of orderliness in the salary ranges as was created in the ladder chart by the application of job evaluation points. In this regard we were careful to consider market rates of pay not only in the Hamilton area, but in the hospitality, facility management industry which for senior jobs has a national market.

We were also aware of compression problems and therefore designed the grid so as to ensure that there were adequate differentials between a supervisory job and immediate subordinate positions. In this regard we note that there is a "one on one" reporting relationship between the Events Manager and Assistant Events Manager at Copps; this accounts for there being only one pay grade differential between these two jobs.

In developing our proposed ranges we did not take into account any present or potential future overtime policies. Also we did not consider your gratuities policy in preparing this report. We note that overtime is an issue with your staff. It was touched on by many incumbents in their job facts interview. Overtime is therefore a matter that should be addressed by your management team and may require some creative thinking along the lines of flexible hours and/or flexible years.

Exhibit VI-1 shows the recommended salary structure for HECFI positions. As explained in the previous chapter it has been established on the basis of our research of current pay trends in the City, greater Hamilton area, and in the facility management industry across Ontario and Canada.

A. RANGE WIDTHS

EXHIBIT VI-1

HECFI: Recommended January 1987 Salary grid in dollars per annum

Pay Grade	Start Rate	Standard Rate (48 months)
26	72,000	85,000
25	64,500	76,000
24	58,700	69,000
23	54,800	64,500
22	51,000	60,000
21	48,500	57,000
20	45,900	54,000
19	43,400	51,000
* * * * *		
18	41,500	48,900
17	39,700	46,800
16	35,000	41,200
15	32,100	37,800
14	30,000	35,300
13	27,900	32,900
12	25,100	29,500
11	23,300	27,400
10	20,700	24,400
9	19,500	22,900
8	18,500	21,600
7	17,600	20,600
6	16,700	19,600
5	15,800	18,500
4	15,000	17,500
3	14,200	16,600
2	13,300	15,600
1	12,500	14,600

For pay grades 1 -26 we recommend the abandonment of the pre-determined step differentials. This is because:

- ▶ Pre-determined step differentials are generally foreign in the convention/hospitality industry.
- ▶ Increasingly public sector organizations are abandoning pre-determined step differentials for their senior positions.
- ▶ Incentives for superior performance are more readily provided with a flexible salary range for top level jobs.
- ▶ In pay grades 1 -26 we believe that the top rate should be considered the "standard rate". It should be targeted for the incumbent to achieve based on good performance only, after approximately 48 months of employment in the position.
- ▶ In pay grades 1 -26 the start rate is expressed as 85% of the standard rate.

B. SLOTTING EMPLOYEES INTO THE NEW PAY RANGES

Pay grades 1-18

In accordance with your instructions we have not shown in this report any proposed slotting of employees into the new recommended pay ranges. We understand that it is your preference that this exercise be delegated to the CEO and his management team. The resulting total pay program may then be presented to the Board for approval.

We believe that when an organization decides to conduct a pay study it is, in a sense, "turning over a new leaf". Therefore an individual who may, in an old salary system, be earning at the maximum of his/her range should not necessarily be slotted into the new range, after a pay study, at the maximum of the new range.

We recommend standard red circling policies be adopted in HECFI. This means that if an individual's pay is above his/her proposed range maximum it should not be reduced but rather held at its present rate until such time as range adjustments bring the maximum up to his/her pay level. The red circled employee will therefore not receive either economic adjustments or merit pay increases until the red circle is removed.

In pay grades 1-18 there are 10 red circle situations. If economic adjustments in 1988 continue the trend of 4% in 1977, then 7 of the 10 red circles will likely be removed in 1988. The remainder will take more than one year of economic adjustments to remove.

Pay grades 19-25

We recommend the slotting of incumbents into the new ranges 19-26 be based on job performance, and to a lesser extent seniority. **We recommend** this be done by the CEO for all 9 subordinate positions. For the 4 jobs that are not directly reporting to him **we recommend** the slotting be done with the assistance of input from each incumbent's supervisor. The CEO's recommendations should then be presented to the Board for consideration and approval.

Two of the nine jobs (Director - Hamilton Place and Operations Manager HCC) will be red circled.

Pay grade 26

We recommend the slotting of the CEO should be responsibility of the Board in assessing his performance. We note that the pay range recommended for the position has as its maximum \$85,000. This figure is \$1,800 less than the maximum of the range prevailing for the CAO of the City of Hamilton.

The average standard rate for reasonably comparable CEO positions at the Stratford Festival, Edmonton Northlands, Canada's Capital Congress Centre, PNE, Exhibition Place/CNE, Calgary Performing Arts Centre, and Toronto Harbourfront is \$84,700.

We also note that CEO salaries are well guarded and sensitive for many employers. We know the market is competitive for people with good skills; salaries can be volatile in response to this. At the CEO level there are many qualitative factors that bear on an individual's market value. Because of these qualitative factors you may have to pay more than the range maximum to retain a particularly competent person. In general, **we recommend** you be flexible regarding salary arrangements, maintain confidentiality, and accept the reality of negotiations.

C. OTHER CONSIDERATIONS RELATING TO ACTUAL PAY RATE DETERMINATION

You may wish to recognize seniority or to reflect your perception of individual employee performance when slotting employees into the new ranges.

We note that employees who are slotted into their new ranges at less than step five will have a longer range for career growth.

Although immediate classification pay increases may be modest, we believe that modesty is compensated for by growth potential.

EXHIBIT VI-2

LEVEL 00000	NAME 0000	TITLE 0000	MIN. 0000	MAX. 0000	MANAGEMENT RECOMMENDED SALARY 0000000000	DIFFERENCE 0000000000
26	BRIAN CONACHER	MANAGING DIRECTOR / CEO	72,000	85,000		
25			64,500	76,000		
24	TON BURGESS	DIR. MAN. P. THEATRE	59,700	69,000		
24	BILL PENNING	DIR HAMILTON CON CTR				
24	JOHN CRANE	DIR COPPS COLISEUM				
23			54,800	64,500		
22	FRED BOGREN	DIR. MARKETING	51,000	60,000		
22	JOHN LEUSER	DIR. FIN. & ADMIN				
21			48,500	57,000		
20	STEVE BOCHMAN	OPERATIONS MGR	45,900	54,000		
19	RICK DIFILLIPPO	CONTROLLER	43,400	51,000		
19	BOB ELLISON	ASST. DIR. N.P.				
19	BRAID CALNER	MGR PLANT & BLDG OPS.				

NAME	DIFFERENCE
RECORDING	1
SALARY	1
000000	0000000000

NAME	TITLE	1960	1961
ALAN SHIM	ELEC CHIEF	41,500	42,500
BOUCE MCCRAAY	PAUQUET MGR	39,700	41,800
BOB BESUYERS	CHIEF OF ENGINEER		
MARY NEO	ADVERT/PROD/PK MGR	35,000	41,200
JIM ELKER	EVENTS MGR		
JIM ELKER	OPS/F.B.M. MGR		
BILL BOULAS	ASST CHIEF OF ENG'R	32,100	37,000
JERRY VANDEWYAL	CHIEF ELECTRICIAN		
MAT DAWIDSON	SALES MGR		
JOEL NILES	MAINT. SUPER OPS ENG'R		
DAVE PELLY	ASST EVENTS MGR		
LEO CONSTANTINIKES	PLANT MAINT SUPER		
PETER KOPACH	ASST PAUQUET MGR	30,000	35,500
RODIE LAKING	EVENTS MGR		
COLLEEN SPENCER	D.O. MGR		
BILL FLETCHER	SECTOR & CLEANING SUPER		
MARK MARTINAK	PREVENT MAINT SUPER		
LISA RODINSON	ACT'NG SUP		
FRITZ ZWALEN	ELEC SONS CHIEF	27,900	32,900
JOE TSAD	SALES ELEC	25,100	29,500
PAUL DEBETHI	ELEC. SECTV		
ANNE NEWMAN	PURCHASER/RECEIVER		
JIMM HILLS	A.B. ASST/SECTV	23,300	27,400
JERRY FARRIS	A.B. ASST/SECTV		
LESTER STEWART	A.B. ASST/SECTV		
GAIL MCCAFFREY	A.B. ASST. / SECTV		
BOB FORNBERGMAN	FINANCE OFFICER		
PAULY MORGAN	SALES ELEC		
BETTY ERODARD	A.B. ASST/SECTV		
MARGARET LLOY	HEAD CASHIER		
SAM HAINING	HEAD BARTENDER		
SAL FARRARITO	SALES ELEC		
BELDON'S BAYCHAFT	HEAD BART. CPIN.		
BRYAN CRIPPS	AD/PROD/PK CO-ORD		
ALLISON WALL	AD/PROD/PK CO-ORD		
LISA SERNICK	CHIEF STEWARD		
ARMY WING	SA ACT'NG CLK	20,700	24,400
ANNE COUCHMAN	SA ACT'NG CLK		
MARIE MORGAN	EVENTS CO-ORD		

ADDITIONAL PAY PLAN

VII

PAY ADMINISTRATION

A. MAINTAINING THE PAY PLAN

Ongoing administration of your pay plan is an important activity within the total personnel function. Decisions about pay should be made on the basis of a formalized system. We have recommended one to you.

If decisions are not made on the basis of a formalized and structured system, ad hoc decisions may be hard to justify. Internal inequities may creep into your pay structure thereby generating employee criticism and/or resentment.

At present personnel administration for HECFI rests with the Region/City Human Resources Centre. We recommend the sound maintenance of the new pay plan and believe that it should be administered by HECFI using the resources of the Region/City Human Resources Centre.

HECFI management should remain closely involved with management of the new system. This is because:

- ▶ HECFI has a different job evaluation plan than the City/Region.
- ▶ Your salary schedules will differ from the City/Region.
- ▶ Many of your jobs are significantly different from those at the City/Region.

To assist in the sound maintenance of the pay plan we will supply your CEO with:

- ▶ The SKE&W job evaluation manual.
- ▶ Completed job fact sheets on your staff.
- ▶ Record of the factor by factor job evaluations.

Our firm is also available to you for assistance at any time in evaluating new or changed job responsibilities.

B. NEW OR CHANGED POSITIONS

When a new job is created or the duties of an established position are changed, a new job description or job fact sheet should be prepared. Then the position can be evaluated or re-evaluated using the SKE&W job evaluation manual.

Existing positions and their point ratings should be used as reference points or benchmarks against which to determine the relative evaluation and ranking in the ladder of pay grades. This helps to ensure consistency.

When an employee claims that his/her position has changed or evolved sufficiently as to justify re-evaluation, he/she should be required to complete a new job fact sheet and detail where the changes have occurred. If the new job fact sheet and/or job description is approved by the incumbent's immediate supervisor, it may accurately be evaluated using the SKE&W manual. In the absence of major changes in duties (eg: a new responsibility) no employee should be entitled to seek re-evaluation of his/her job.

C. APPEAL PROCEDURE

Although we took great pains in the briefing stages of this project to explain to employees the process to be followed and the fair evaluation method employed it is possible that certain employees will feel that their position has been under evaluated. This is not unusual and occurs whenever an employer, like HECFI, "turns over a new leaf" in its pay administration practices.

Although we are convinced that the evaluation points awarded is fair and accurate it is only reasonable to permit employees who feel they have been misevaluated to appeal.

We recommend that, for no more than one month after the new pay plan has been adopted, employees should be entitled to apply in writing to the CEO for a re-evaluation. Such application for re-evaluation should specify the grounds for appeal and any supporting testimony.

The number of appeals may very well be lessened if a comprehensive communication program were installed to let employees know the results of the study. A group briefing session may be appropriate.

D. PAY PRACTICES RECOMMENDATIONS

1. New employees

In general, new employees should start at the minimum rate for the pay grade in which that position is evaluated. If the new employee has sufficient prior experience in a similar position or special skills which will be of immediate benefit to HECFI without an on-the-job learning period you could consider appointing the individual above step one (or the start rate) of the job. If this is done it is recommended that you keep in mind the importance of still giving the new employees scope to grow in the job: Therefore it might be prudent to adopt the

policy of not permitting any appointment to be made at a rate higher than, say, step three or, in the case of a grades 19-26, 90% of standard rate.

2. Transfers, promotions and demotions

When an employee is permanently transferred or promoted to a position in a higher pay grade, the new rate of pay should provide for an increase of at least 5% (i.e. the step in the higher grade level that is at least 5% higher than the employees pre-promotion rate).

If an employee is permanently demoted or transferred to a position in a lower pay grade, he/she should continue to receive the current salary unless there is a compelling reason why not. In effect the individual remains "red circled" with no increases allowed until general increases to the ranges bring the salary within the revised range of the lower pay grade.

If an employee is temporarily transferred to a position in another level, he/she should retain the current pay. If the acting employment is in a higher pay grade and longer than one months duration, he/she would be paid on the same formula as described in the above paragraph for a permanent promotion. Temporary or acting employment should generally not exceed six months.

E. RECOMMENDED PROGRESSION THROUGH THE RANGE

Pay grades 1 -26

These ranges do not have pre-determined incremental steps. Instead they are expressed as start rates and standard rates only. The basic principle of pay progression in these grades is that it be based primarily on performance and not related to time in the position. However, **we recommend** that a well performing individual should be able to advance to standard rate in 48 months.

Forty-eight months may be considered a "target". You should recognize that exceptional people will be able to attain target sooner and others may take longer.

F. PERFORMANCE APPRAISAL TIMING

We recommend senior management (pay grades 19-26) performance appraisals occur in May or June annually. This way any advancement through the range based on merit will be distinguished from both the January economic adjustment and the employee's anniversary date. Having all the senior management appraisals occur on one date (May or June) will enable a greater consistency to be achieved.

Just as the creation of this pay plan has rested on two principles (i.e. internal equity/job evaluation and external equity/market survey) so also are the two elements to performance appraisal i.e.:

- ▶ Performance against a given standard of expectations.
- ▶ Any one persons performance in comparison to that of his/her peers.

Regardless of what timing is adopted for the performance appraisal exercise, all employees should progress through the range for the position to the standard salary range. However, there is no guarantee that they will reach the standard rate except for consistent competent performance. Also, if an individual is at or near the maximum now (1987) this does not always have to be the case.

If there are major weaknesses in performance, and these are well documented, an increase through the range should be withheld.

G. PAY INCREASES: CHANGES TO THE SALARY SCHEDULE

We recommend you continue your practice that salary schedule economic adjustments occur effective January 1 annually. The salary grid shown in Exhibit VI-1 should therefore be considered for adjustment as of January 1, 1988.

Once a per cent figure has been adopted it should be applied consistently.

Two factors should always be considered when determining the percentage amount of any general increase:

- ▶ Minimize compression between the highest paid unionized employee and supervisory personnel.
- ▶ Adjust only the ranges to be responsive to changing market conditions -
- do not change a position's evaluation ranking (job evaluation points) to justify a pay increase for the job. This will disrupt your internal equity.

VIII

PERFORMANCE APPRAISAL

A. CONCEPT

Good job evaluation and pay administration will give you a systematic framework for ranking jobs, setting pay levels and maintaining sound pay practices. Our recommendations in the preceding chapters should accomplish these results.

We recommend you use a performance appraisal system to assess employee achievements. Employees like to know where they stand and how they are doing. Performance appraisal also serves valuable management functions:

- ▶ It provides a rational basis for controlling employee progression through the pay ranges.
- ▶ It sets and helps integrate objectives with subordinates for the overall HECFI corporate plan.
- ▶ It facilitates two way communication between the supervisor and employee for a performance "contract." Hence the employee and manager know where they both stand.

We recommend that before the end of an employee's probationary period (new or promoted employee), he/she should have his/her performance reviewed and if satisfactory a pay adjustment approved to recognize the progress achieved.

We recommend that all employees should have their performance reviewed at least once each year (anniversary date for pay grades 1-18, May or June for pay grades 19-26). Each supervisor should discuss details of a performance rating with his/her subordinates. As part of the process, performance objectives can be established for the coming year and communicated with each incumbent. This helps give direction and a sense of leadership to staff.

Each division director should review all performance appraisal documents in his/her division to ensure consistency of application and to maintain awareness of departmental activities.

The CEO should review all performance appraisal documents for those in pay grades 19-25.

All performance appraisals should be in writing and maintained in each employees personnel file.

B. THE PRACTICE

The factors that go into the appraisal of any individual's performance depends on the "culture" of each organization.

To distinguish HECFI from a City department it may be appropriate to employ a different performance appraisal form than is presently in place with the City. Each organization is different and puts different emphasis on different factors of performance.

Similarly, the weighting given to any one appraisal factor can differ from job to job.

Amongst the assessment factors found in many performance appraisals systems, the following stand out as being used frequently:

- ▶ Job knowledge.
- ▶ Quality of Work.
- ▶ Quantity of work.
- ▶ Business generation (new sales).
- ▶ Public relations skills.
- ▶ Budget adherence.
- ▶ Skills and motivating staff.
- ▶ Team work ability.
- ▶ Accuracy and timeliness.
- ▶ Report writing skills.
- ▶ Responsibility for staff development and training.
- ▶ Attitude.
- ▶ Contributions to work improvements.
- ▶ Creativity and innovation.
- ▶ Self development (i.e. new learning).

C. PERFORMANCE APPRAISAL AND OBJECTIVE SETTING

The performance appraisal exercise is an opportunity for supervisor and subordinate to establish performance standards and objectives for the forthcoming year. Since most of your objectives are established through the business plan and budget process, individual performance expectations can be set in relation to them. This optimizes the opportunity of integrating each individual's performance objectives into HECFI's overall objectives.

Ensure that the expectations are reasonable and stated in brief specific and measurable form.

Since the performance appraisal document is a planning as well as an evaluation tool, you should note any factors or variables which may hinder performance and adjust your expectations based on the changing conditions.

D. CEO PERFORMANCE APPRAISAL

We recommend that performance appraisals be conducted annually respecting the Managing Director/CEO position. Appraisals should be conducted by the Chairman of the Board and Chairpersons of the HECFI Board Committees acting jointly. Each appraisal exercise should include the establishment of performance objectives for the forthcoming year against which the incumbent can be measured at year end. The findings of the evaluators should be communicated to the Board confidentially.

* * * *

We are at your disposal to assist in any way possible with any appeal procedure adopted, or with a new performance appraisal system tailor-made to HECFI requirements.

IX

RELATED CONSIDERATIONS

A. OVERTIME

Throughout our interviews and at the job fact sheet stage of the study many employees (mostly at the middle and lower levels) emphasized the overtime demands of their positions.

While some of their reports may well have been exaggerated, we suspect that there may very well be more than just a grain of truth in what they said. Reports of constant sixty-hour weeks should cause concern to any progressive employer, particularly one operating in a heavily unionized public environment and in a community where employee safety is an everyday talking point.

Given the huge variables involved and the potential unreliability of information we did not take long hours of work into consideration in our evaluations. This was so because some employees may be compensated in cash and others in variable, flexible, but unreported, working hour arrangements.

The "up and down" and "ebb and flow" nature of the business, in the three operating divisions particularly, should give reasonable opportunity for creative solutions to be found to the overtime problem.

Given the inevitable comparisons that employees make to City of Hamilton practices, it is not a problem that should be ignored.

In our interviews we heard many complaints about the extent of overtime. We accept and understand them. However, in most public service organizations, overtime is a necessary way of life for executives and managers. They must know and accept that at the outset. HECFI cannot provide an exception.

However, for positions at middle and lower levels (eg: first level supervisor) you should be concerned if overtime is unreasonable. **We recommend** your overtime pay policy be referred to the HECFI Audit and Finance Committee for review.

B. AUTOMOBILES

We note that two members of your senior staff (CEO and Director Hamilton Place) have an automobile supplied by the Corporation. This fact played no part in our evaluation or recommendation of pay ranges.

In our view the continuation of the automobile amenity to the Chief Executive Officer is justified in the context of distancing HECFI from the City.

Equally however, we note the continuation of the amenity to the Director at Hamilton Place could be interpreted as special treatment for him in comparison to other directors on the management team. **We recommend** the policy regarding automobiles be referred to the Audit and Finance Committee for review.

C. EMPLOYEE BENEFITS

Most of the employers surveyed provide a range of benefits essentially identical to those available at HECFI. Although the cost sharing varied slightly we found no major cause for concern. We understand the Audit and Finance Committee is currently planning a review of employee benefits.

D. GRATUITIES

In the hospitality industry employer policies respecting gratuities vary tremendously. In some organizations, like Hamilton Entertainment and Convention Facilities Inc., they are blended into basic salary rates. In other facilities they are distributed to employees based on varying formulae. In those places base salary rates are substantially lower than at HECFI.

We recommend the current policy be referred to the Audit and Finance Committee for review.

Proposed Organization - Summer (April 1 to November 15)

DIRECTOR OF PUBLIC WORKS

J. Pavelka

DIRECTOR OF PARKS

R. Nutley

ARBORIST/HORTICULTURIST

J. Pook

BEAUTIFICATION

General Foreman

Foreman
II

Foreman
II

FORESTRY

General Foreman

Foreman
II

Foreman*
III

Chedoke
Golf
Course

Foreman
III

TURF

General Foreman

King's
Forest
Golf Course

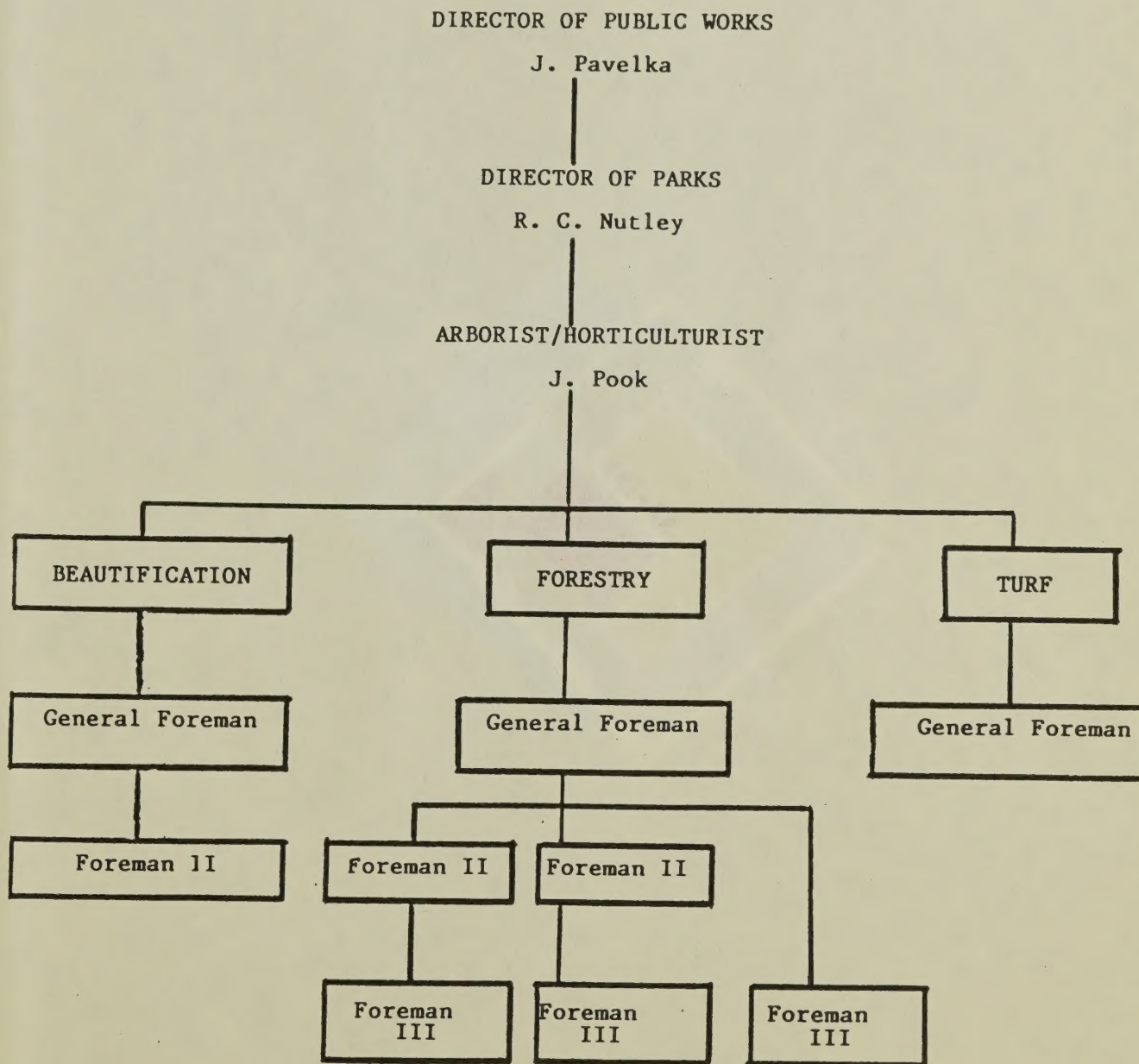
Foreman
III

Lawnbowling &
Sports
Fields

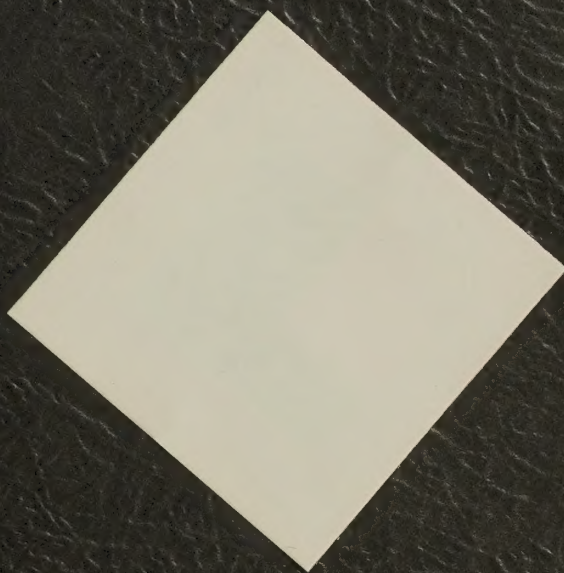
Total Labour Force of 109 Staff

* Forestry Foreman III Acts as a Float
Among - Beautification, Forestry and Turf as Required

Parks Division
Arborist/Horticulturist Section
- Proposed Organization - Winter (November 15 - April 1)



Total Labour Force of 109 Staff



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